

ASSOCIATED PRESS
17 May 1984

UTAH LT. GOV. MONSON TOOK OUT \$5,000 LOAN FOR SPYING SUSPECT
SALT LAKE CITY, UTAH

The lieutenant governor of Utah says he once took out a \$5,000 loan for a former Utah man awaiting trial in Virginia on charges of selling classified information to the Soviet Union.

Lt. Gov. David Monson said Wednesday the loan, which he is paying off, was to fund a consulting firm that he and Richard Craig Smith co-founded. However, Monson said the firm "never did any business" and folded.

Monson has since resigned from the company, Business Consultants International Inc. He said the venture is technically no longer a legal corporation because it failed to file an updated list of officers.

Smith, a former Army counterintelligence specialist who surrendered to the FBI April 4, is free on bond awaiting trial July 9 on charges of selling secrets to the Soviet Union. He is accused of disclosing the identity of six U.S. double agents to a Soviet KGB officer stationed in Tokyo for \$11,000.

Smith was quoted recently as claiming he passed military secrets because he was working for the Central Intelligence Agency as part of a plan to infiltrate the Soviet intelligence service.

It was Smith's interest in promoting Far East trade relations, such as Utah ski travel packages for the Japanese _ and a longtime association with a family member _ that led Monson to get involved in Business Consultants, he said.

Monson said he had expected to be repaid the full amount that he had loaned Smith, but "there was to be no profit."

He said he regretted having made the loan for Smith, but he saw no problems with potential conflict of interest in what he considered a private venture.

Monson said he understood that Smith had spent the money lent to him for trips to the Far East. They never produced any tangible results, though Monson said he was aware that Smith had attempted to set up tour packages of Japanese skiers to Utah resorts.

Monson said he first met Smith three years ago after the man approached Gov. Scott Matheson about his possible involvement in trade missions and trade promotion for the state. The governor passed Smith on to the lieutenant governor's office, Monson said.

Because Monson's uncle had known the Smith family for years, he allowed a "bond" to form that led him to eventually extend to Smith the loan, the lieutenant governor said.